

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 416 - Child Care Regulation (LSB 2242 HH.1)

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Fiscal Note Version – Amendment H-1141 to HF 416

Requested by Mary Mascher

Description

Amendment H-1141 to HF 416 strikes everything after the enacting clause and specifies the intent of the General Assembly to improve the safety and quality of home-based child care by increasing the number of providers required to be registered, and by increasing staff and resources for the Department of Human Services (DHS) that address home-based child care.

The definition for an unregistered child care home is changed to an individual or program that provides care to three or fewer children at any one time; the definition of a registered child development home is changed to an individual or program that provides care to four or more children at any one time; and the definition of child care provider is changed to an individual who provides child care to three or fewer. The provisions amending these definitions take effect on October 1, 2008. The DHS is required to adopt administrative rules to assist child care providers and expand staff related to these changes, if funding is provided, on October 1, 2008.

Child care home providers are required to inform parents and custodians if they are not registered, and that the number of children that may be cared for at any one time is limited to three or fewer unless they are registered. Providers are also required to inform parents that corporal punishment is prohibited and how a parent can file a complaint with the DHS if this occurs.

Corporal punishment is defined and prohibited by child care providers. Providers that violate this may be prohibited from involvement with child care as determined through a DHS investigation.

Background

Basic child care provider rates for home providers are based on the child's age and are paid on half-day units comprised of up to five hours per unit. Currently, the rates paid under the Child Care Assistance Program to registered homes are higher than the rates paid to non-registered homes to provide an incentive for registration. Beginning in October 2008, if a provider is not registered, but cares for four or more children, they will be required to register, making them eligible for higher payment rates. The rates are outlined in the table below.

Age Group	Registered	Non-Registered	Difference
	Home Rate	Home Rate	
Infant and Toddler	\$ 12.00	\$ 8.19	\$ 3.81
Pre-School	11.25	7.19	4.06
School-Age	10.00	7.36	2.64

Assumptions

- The fiscal impact of Amendment H-1141 to HF 416 will take effect at the beginning of the second quarter of FY 2009. The DHS will register an estimated 2,060 providers who would have previously been paid at the lower non-registered home rate under the Child Care Assistance Program.

- When registered, the 2,060 providers will receive an additional \$124 per month at an increased cost of an estimated \$2.3 million in FY 2009 (October 2008 through June 2009). This will be paid 100.0% with State funds as additional federal Child Care Development Funds (CCDF) are not expected.
- In FY 2010, the 2,060 provider payments will be annualized at an increased cost of an estimated \$766,000.
- The DHS will pay for criminal record checks for the 2,060 providers plus two additional household members each (a total of 6,180) at \$13 per check for an estimated cost of \$80,000 in FY 2009.
- The provider turnover rate will be one-third; therefore, in FY 2010, the DHS will pay for criminal record checks for another 687 providers plus two additional household members each (a total of 2,061) at \$13 per check for an estimated cost of \$27,000.
- Field Operations costs will increase by an estimated \$120,000 and 2.0 FTE positions for a Social Worker II and a Typist Advanced to conduct required spot checks for new providers, and complete registration and background checks for new applicants. Of this, an estimated \$89,000 will be paid from State funds.
- General Administration costs will increase by an estimated \$121,000 and 2.0 FTE positions for a Program Manager and an Administrative Assistant to assist with the increased workload in registration, update provider instructions and categories both on the web site and in written format, and make coding changes in the provider payment system. This cost will be covered 100.0% with federal funds.

Fiscal Impact

Amendment H-1141 to HF 416 will increase General Fund expenditures by an estimated \$2.5 million for the DHS beginning in FY 2009. In order to annualize costs, an additional estimated \$793,000 will be needed in FY 2010.

Source

Department of Human Services

/s/ Holly M. Lyons

March 26, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
